

## Federal Renewable Energy Project Implementation: From RFP to Project Closeout

Thursday, February 24, 2011

Questions and Answers

**Q:** *Can an Energy Service Company (ESCO) be a sole source?*

**A:** Although "sole source" task orders are not authorized, the U.S. Department of Energy (DOE) Indefinite Delivery, Indefinite Quantity (IDIQ) Energy Savings Performance Contract (ESPC), Section H.3.2 Exceptions to Fair Opportunity, outlines exceptions to the fair opportunity process defined in Section H.3.1. See pages 37 and 38 of the DOE IDIQ contract available at [http://www.femp.energy.gov/pdfs/generic\\_idiq\\_espc\\_contract.pdf](http://www.femp.energy.gov/pdfs/generic_idiq_espc_contract.pdf).

**Q:** *Is there any guidance for promoting renewable energy projects on contaminated and degraded lands rather than pristine lands? As the Federal government, this is something we should be leading and promoting.*

**A:** There is no formal guidance on promoting renewable energy projects on contaminated and degraded Federal lands, although FEMP does recommend the siting of renewables projects on such land. The U.S. Environmental Protection Agency (EPA) has a brownfields program (<http://www.epa.gov/renewableenergyland/>) that covers this area, and the DOE Solar America Communities program offers some information online at [http://solaramericacommunities.energy.gov/resources/guide\\_for\\_local\\_governments/](http://solaramericacommunities.energy.gov/resources/guide_for_local_governments/).

**Q:** *When will the new procurement methods, under the National Defense Authorization Act (NDAA) of 2011, Section 832, be modified into the DOE IDIQ ESPC?*

**A:** NDAA 2011 Section 828 included competition requirements for task orders under ESPCs. DOE is in the process of determining how this new legislation should be incorporated into a contract modification. Expect an announcement on this in the very near future. Check the FEMP website (<http://www.femp.energy.gov>) for updates.

**Q:** *You mention working groups as a takeaway from the presentation. Where do working groups fit in during the implementation steps and what is the recommended makeup of those groups?*

**A:** Working groups, specifically the Federal Utility Partnership Working Group (FUPWG) and the Renewable Energy Working Group (REWG), may be good resources during the implementation phase, particularly during steps 3 through 6. Working groups may provide resources in the form of technical expertise, networking between agencies, brainstorming, etc.

FUPWG is made up of Federal agencies, utilities, and ESCOs. Although the group primarily develops strategies to implement cost-effective energy efficiency and water conservation projects through utility incentive programs at Federal sites, it also addresses renewable energy issues. More information can be found at [http://www.femp.energy.gov/financing/uescs\\_fupwg.html](http://www.femp.energy.gov/financing/uescs_fupwg.html).

The REWG provides a forum to exchange information on projects going through all phases of the project process, lessons learned, and sources of project funds. The REWG is made up of more than 100 Federal agency representatives, DOE programs, and the renewable energy industry. Information is available at [http://www.femp.energy.gov/technologies/renewable\\_workinggroup.html](http://www.femp.energy.gov/technologies/renewable_workinggroup.html).

**Q:** *How often does an agency own the project versus third-party ownership, and what are some reasons/considerations for each?*

**A:** Agencies own the project if they use appropriations. Under a power purchase agreement (PPA), there is always private ownership. Under ESPCs and utility energy service contracts (UESCs), there is typically Federal ownership; however, there is a move, especially for large renewable projects, to have private ownership. The benefit of private ownership is that private companies are eligible for the Federal investment tax credit, accelerated depreciation, and any other available tax incentives. The DOE IDIQ contract, Section H.2, allows for private ownership. It may be

simpler to have Federal ownership for small renewable projects that are bundled with energy efficiency under an ESPC or UESC.

**Q:** *What is the best way to pursue funding for geothermal renewable energy projects?*

**A:** Given the utility-scale size and exploration risk of most geothermal direct power projects, alternative finance, especially PPAs, is the most likely funding source. There is Federal incentive information, such as the investment tax credit and the production tax credit, available at <http://www.dsireusa.org/incentives/index.cfm?state=us&re=1&EE=1> . Other incentive information is available from the DSIRE home page <http://www.dsireusa.org/>.

Most of these incentives will only be available to taxable entities. However, ground source heat pumps are often smaller scale and are typically acquired through direct appropriations, ESPCs, or UESCs. The DOE Geothermal website has additional information and links <http://www.eere.energy.gov/topics/geothermal.html>.

**Q:** *Where would I find information on regarding Department of Defense (DOD) geothermal?*

**A:** DOD has a special geothermal authority, 10 USC 2917, that is available at [http://www.hqda.army.mil/rio/USCODE-Title10/T10C173\\_LC.PDF](http://www.hqda.army.mil/rio/USCODE-Title10/T10C173_LC.PDF) starting on page 7. The authority 10 USC 2922a (see page 9) allows for a 30 year power purchase contract.

**Q:** *What is the budget for this program? Is it broken down by agency or first come first served?*

**A:** FEMP has limited funds for all its activities. Renewable energy training is typically provided by webinar and is available to all agencies.

**Q:** *Will FEMP continue to offer more training through the year with the budgeting issues we are currently seeing.*

**A:** FEMP is committed to providing training. Additional trainings are planned for the rest of this fiscal year. Many trainings are also recorded and can be accessed 24/7. To find out about both upcoming and on-demand trainings, go to <http://www.femp.energy.gov/training/>.

**Q:** *Has DOE considered setting up a central (revolving) fund through Treasury Department to finance ESPCs at lower rates than the ESCOs provide and allow agencies to "buy" more energy efficiency?*

**A:** Yes, FEMP has considered this and other ideas to reduce the cost of ESPC-related financing; however, other options have not yet proven workable given current program limitations. This being said, ESPCs still provide a tremendous value to agencies in enabling them to move ahead to implement efficiency and renewable projects in the near term paid from cost savings.

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